

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-1-1
TENNESSEE STUDENT ASSISTANCE PROGRAM**

TABLE OF CONTENTS

1640-1-1-.01	Definitions	1640-1-1-.04	Reports and Record Access
1640-1-1-.02	Student Eligibility-Award Use	1640-1-1-.05	Standards for Institutional Reviews and Error
1640-1-1-.03	Financial Need		Resolution

1640-1-1-.01 DEFINITIONS.

- (1) Corporation shall mean the Tennessee Student Assistance Corporation.
- (2) Eligible postsecondary institution shall mean those institutions which are entitled to enroll student assistance award recipients as provided in Section 49-4-301 Tennessee Code Annotated.
- (3) Undergraduate student shall mean those persons enrolled in an eligible postsecondary institution as defined in T.C.A. §49-4-301 and who have not received a baccalaureate degree.
- (4) An institution of higher education means a public or non-profit educational institution in Tennessee which: (1) admits as regular students only persons who have a high school diploma, the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in Tennessee and who have the ability to benefit from the training offered; (2) is legally authorized to provide an educational program beyond secondary education in Tennessee; and (3) provides an educational program for which it awards an associate or baccalaureate degree, or provides at least a two-year program which is acceptable for full credit toward a baccalaureate degree, or provides at least a one-year training program which leads to a certificate or degree and prepares students for gainful employment in a recognized occupation. The term "educational institution" as used in this definition shall be construed to include a hospital school of nursing which offers a diploma nursing program accredited by the National School of Nursing. Provided, however, that any postsecondary educational institution which is accredited by the Southern Association of Colleges and Schools, the Accrediting Council for Independent Colleges and Schools, or by the Council on Occupational Education or by the Accrediting Commission of Career Schools and Colleges of Technology and which meets standards specified in (1), (2), and (3) shall be deemed to be an institution of higher education, provided, it has been authorized to operate by the Tennessee Higher Education Commission pursuant to the Postsecondary Education Authorization Act of 1974.
- (5) Nonprofit institution of higher education means an institution of higher education owned and operated by one or more nonprofit corporations or associations whose net earnings do not benefit, and cannot lawfully benefit, any private shareholder or entity.
- (6) Tuition and mandatory fees mean those amounts, which are charged of all students enrolling in an eligible postsecondary institution, with the exception of room, board, and books. Special fees, which are charged a select group of enrollees, including but not limited to music, laboratory, and physical education fees, shall not be construed as tuition or mandatory fees.
- (7) Federal Pell Grant Program means the program of federal student assistance authorized by Part A, Title IV, Higher Education Act of 1965, as amended.
- (8) Contribution index means the Expected Family Contribution (EFC), which is a measure of parental and/or student ability to contribute toward payment of educational expenses.

(Rule 1640-1-1-.01, continued)

- (9) Financially independent student means a person who meets the conditions established by the U.S. Department of Education for determining whether a student receives any financial assistance from his parents, as used in the administration of student assistance programs authorized by the Higher Education Act of 1965, as amended.
- (10) Application means a financial aid report, prepared by a TSAC approved multiple data entry processor that has been authorized by the U. S. Department of Education to calculate the Expected Family Contribution, which an applicant has caused to be furnished to the Corporation.
- (11) Academic year means a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of two semesters, two trimesters, or three quarters at an eligible postsecondary institution using credit hours, or at least 900 clock hours of training for a program using clock hours. A clock hour is a 50 to 60 minute class, lecture, recitation, or a faculty supervised laboratory, shop training, or internship.
- (12) Academic term means a semester, trimester, or quarter, or 300 clock hours of training.
- (13) Incarcerated means currently confined to a local, state, or federal correctional institution, which would include work release or educational release facilities.

Authority: T.C.A. §§49-4-204 and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed October 21, 1987; effective January 27, 1988. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed July 12, 1990; effective October 29, 1990. Amendment filed March 5, 1992; effective June 29, 1992. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed June 30, 2000; effective October 28, 2000.

1640-1-1-.02 STUDENT ELIGIBILITY-AWARD USE.

- (1) A person shall be eligible for a student assistance award upon submission of an application and when the Corporation determines:
 - (a) He or she is a resident of Tennessee.
 - (b) He or she has financial need.
 - (c) He or she is enrolled or intends to enroll in an eligible postsecondary institution as an undergraduate student on at least a half-time basis as established by federal financial aid minima.
 - (d) He or she has applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and has been assigned an Expected Family Contribution (EFC) by the U.S. Department of Education or its contractor, and has that EFC on file at the postsecondary institution to be attended.
 - (e) If previously enrolled in the eligible postsecondary institution, that he or she remains in good standing and is making satisfactory progress according to the standards and practices of the institution.
 - (f) He or she does not owe a refund or repayment on any grant, and is not in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.

(Rule 1640-1-1-.02, continued)

- (g) He or she is not incarcerated as defined in rule 1640-1-1-.01(13).
- (2) To give consideration for the full academic year, the Corporation must receive an application prior to May 1 of each award year.
- (3) Award recipients must use assistance awards for educationally related expenses. A recipient to whom credit has been extended during the enrollment process should give first priority to the liquidation of that obligation before using the proceeds of the awards to defray other educational expenses. All state financial aid granted to students shall be first applied to tuition and fees, room and board and the excess, if any, shall be distributed to the recipient according to Title IV of the Higher Education Act of 1965, as amended. Payment may be made by warrant or through Automated Clearing House (ACH). If ACH is used, the institution must agree, in writing, to directly apply funds to the recipient account.
- (4) Enrolled award recipients who withdraw prior to or after certification of enrollment, but prior to the completion of the term will have a portion of the award paid in accordance with the institution's published refund policies and Title IV refund and repayment regulations.
- (5) Award recipients who desire to transfer their award from one eligible postsecondary institution to another must make a request in writing to the Corporation. If funds are available, requests for transfers will be approved if received by the Corporation on or before August 1 for the Fall Quarter or Fall Semester, on or before December 1 for the Winter Quarter or Spring Semester, and on or before March 1 for the Spring Quarter. An individual student will not be allowed more than three such transfers during any one academic year. The Executive Director may extend the deadline if written verification of late enrollment acceptance or unusual circumstances is received from the postsecondary institution.
- (6) Award recipients may receive awards to a maximum for: (a) a 4 year program, up to 8 semesters or 12 quarters; (b) a 3 year program, up to 6 semesters or 9 quarters; (c) a 2 year program, up to 4 semesters or 6 quarters; (d) a 1 year program, up to 2 semesters or 3 quarters; and (e) a 6 month program, up to 1 semester or 2 quarters or until completion of the program of study, whichever comes first, assuming all other eligibility requirements are met.

Authority: T.C.A. §§49-4-203, 49-4-204, 49-4-209, 49-4-301, and 49-4-302. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed December 5, 1986; effective March 31, 1987. Amendment filed January 20, 1987; effective April 29, 1987. Amendment filed October 21, 1987; effective January 27, 1988. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed May 7, 1991; effective August 28, 1991. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed October 26, 1993; effective March 1, 1994. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed August 28, 2002; effective December 27, 2002.

1640-1-1-.03 FINANCIAL NEED.

- (1) The parents' or students' ability to contribute to educational expenses shall be measured using the same guidelines as those used in determining eligibility for assistance under the Federal Pell Grant Program, as those guidelines may from time to time be changed or amended.
- (2) The amount of an individual award for a complete academic year shall approximate one-half the difference between the average public and private tuitions and mandatory fees. The maximum award paid each year shall be based on available funds and shall be determined by the TSAC Board of Directors. The Corporation shall develop and publish annually, a payment table, which equitably distributes available funds by incorporating in the table the contribution index, tuitions and mandatory fees, and the maximum approved award.

(Rule 1640-1-1-.03, continued)

- (3) Should anticipated funding be insufficient to serve the expected number of eligible applicants, the Corporation will establish a maximum contribution index level based on anticipated appropriations and the expected pool of eligible applicants on July 1. Students with a contribution index equal to or less than the maximum amount will receive award commitments on a first-come, first-served basis until appropriated funds are exhausted.

Authority: T.C.A. §§49-4-204 and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed December 27, 1979; effective March 30, 1980. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed November 30, 1981; effective March 1, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed May 7, 1991; effective August 28, 1991.

1640-1-1-.04 REPORTS AND RECORD ACCESS.

- (1) Postsecondary institutions enrolling student assistance award recipients shall report and certify the following information to the Corporation before payments of assistance are made:
 - (a) Whether or not the student is or was enrolled for the appropriate academic term for part-time or full-time enrollment.
 - (b) Amount of tuition and mandatory fees assessed the student.
 - (c) Whether or not the student is in good standing and making satisfactory progress according to the standards and practices of the institution, under provisions of Title IV of the Higher Education Act of 1965, as amended.
 - (d) Whether or not the student owes a refund on any grant or is in default on any loan received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.
 - (e) Student's current Expected Family Contribution.
 - (f) Whether or not the student's total resources which when combined with payments by the Corporation will result in the student receiving funds in excess of his or her cost of education as determined by criteria employed by the institution in administration of other programs of student financial assistance authorized by Title IV of the Higher Education Act of 1965, as amended.
 - (g) That the student has on file with the institution, a statement that the money attributable to the grant or other Title IV programs will be used solely for expenses related to attendance or continued attendance at the institution.
 - (h) That the student has on file with the institution a Statement of Registration Compliance for periods of instruction beginning on or after July 1, 1983 certifying that he or she is registered with Selective Service or that he or she is not required to be registered.
 - (i) That the student has on file with the institution a statement for the periods of instruction beginning on or after July 1, 1989 certifying that he or she is in compliance with the Anti-Drug Abuse Act.
- (2) Postsecondary institutions enrolling student assistance award recipients shall furnish such reports as may be required by the Corporation concerning the recipients and shall, during regular office hours, make institutional records available to the Corporation concerning the recipients and shall, during regular office hours, make institutional records available to Corporation staff for the purpose of

(Rule 1640-1-1.04, continued)

validating any information which affects the recipients' eligibility or the amount of assistance they would receive.

- (3) The confidential relationship of the student shall not be violated. Student files shall be utilized only by the Corporation staff. Confidential information will not be released without written approval from the applicant and/or parents. Statistical data may be released provided such reports do not identify individuals. Outside research projects may utilize reported statistical information, other requests will require approval by the Corporation board of directors; and should such requests require special computer programming, care shall be taken to protect the student's confidentiality and any expense generated by special requests shall be paid by the outside research project, provided, however, student records shall be accessible to the Comptroller of the Treasury for audit purposes.
- (4) Persons applying for awards of student assistance shall be required to furnish to the Corporation such data as is necessary to validate the information on their application. An applicant's social security number shall be furnished in all cases and is required for identity of the applicant and as an account number in order to record necessary data accurately.
- (5) An award recipient who is discovered to have willingly provided false reports or information to the Corporation shall, upon evidence, have the award revoked and shall not thereafter be entitled to further payment of benefits.

Authority: T.C.A. §§49-4-204 and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repealed and refiled July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed February 9, 1984; effective May 15, 1984. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed August 25, 1986; effective November 29, 1986. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed April 28, 1993; effective July 28, 1993.

1640-1-1-.05 STANDARDS FOR INSTITUTIONAL REVIEWS AND ERROR RESOLUTION.

- (1) The Corporation shall conduct periodic program reviews to evaluate the general operation of the financial aid office relative to the institution's management of the Tennessee Student Assistance Award Program:
 - (a) The Chief Executive Officer of the institution typically will be notified of the visit two to three weeks in advance; the exact date for the visit usually will be scheduled with the Director of Financial Aid. Extenuating circumstances such as a request from the U.S. Department of Education or the school's regulatory board may preclude TSAC from scheduling the review in advance.
 - (b) At the conclusion of the visit, the reviewer shall meet with the Chief Executive Officer, or his or her representative(s) and the Director of Financial Aid to discuss the preliminary findings and recommendations resulting from the visit.
 - (c) Following the "exit interview", a preliminary report shall be sent to the Chief Executive Officer of the institution requesting a response within thirty (30) days. One extension of up to thirty (30) days may be requested in writing by the institution.
 - (d) The final report of findings incorporating the institution's response shall be transmitted to the institution's Chief Executive Officer within thirty (30) days of receipt of the institution's response or within thirty (30) days of the date the response should have been received. The final report shall, when necessary, request restitution and/or corrective action.

(Rule 1640-1-1.05, continued)

- (2) The Corporation shall resolve disputes related to the final report of an institution's Program Review:
 - (a) The institution shall be allowed an additional thirty (30) day period to request a hearing and/or to provide additional documentation for review by the Executive Director.
 1. If the Executive Director's review of the additional documentation does not resolve the dispute, the institution may within thirty (30) days of the Executive Director's decision request a hearing.
 2. If a hearing is requested, such hearing shall be requested in writing and sent to the Executive Director. The hearing shall be conducted in accordance with Chapter 1360-4-1, Uniform Rules of Procedure for Hearing Contested Cases Before State Administrative Agencies, Rules of Secretary of State, by the Tennessee Student Assistance Corporation Appeals Committee. Such Appeals Committee, composed of five (5) members of the Tennessee Student Assistance Corporation Board of Directors, appointed annually by the Chairman, shall within a reasonable period of time, set a date for the hearing. The Appeals Committee shall, in consultation with U.S. Department of Education officials, when necessary, render a decision within thirty (30) days of the hearing.
 - (b) Final resolution, which may include financial restitution and/or a plan for corrective action to prevent recurrence must be made within thirty (30) days of the Appeals Committee's decision.
 - (c) Should the institution fail to respond within forty-five (45) days of the Final Report or to take corrective action or to make restitution within thirty (30) days after the decision from the Appeals Committee hearing, the Corporation shall begin proceedings to suspend the institution from participation in Tennessee Student Assistance Corporation programs for sixty (60) days. This suspension will be effective twenty (20) days from receipt by the school of the Corporation's notification of "suspension". Notification of "suspension" along with copies of all findings and responses will be sent to the U.S. Department of Education.
 - (d) Should the school fail to take corrective action or to make restitution within forty-five (45) days of the "suspension", the Corporation shall "terminate" the institution by informing the institution that within twenty (20) days from receipt of notification, the institution is "terminated" from all Tennessee Student Assistance Corporation programs.
 - (e) If an institution is suspended or terminated during a term, all enrolled students attending that institution who received Tennessee Student Assistance Award Program Award Letters or on whose behalf the Corporation endorsed an educational loan before the effective date of the "suspension" or "termination" will be paid (1) for that term, as in the case of a grant, or (2) for "the period of the loan", as in the case of an educational loan.
 - (f) Reinstatement of eligibility may be requested of the Tennessee Student Assistance Corporation Board after a period of one (1) year after date of termination, but only if the institution is eligible for other Title IV programs.

Authority: T.C.A. §49-4-204. **Administrative History:** Original rule filed July 10, 1984; effective October 14, 1984. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed September 3, 1992; effective December 29, 1992.